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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

November 20, 1997

VIA HAND DELIVERY

Mr. William F. Caton
Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

**Re: Notice of Ex Parte Presentation in CC Docket No. 96-128
(Payphone Compensation)**

Dear Mr. Caton:

Yesterday, Richard S. Whitt and Douglas F. Brent of WorldCom, Inc. met with Robert W. Spangler and Rose Crellin of the Enforcement Division of the Commission's Common Carrier Bureau, and Craig Stroup of the Industry Analysis Division of the Commission's Common Carrier Bureau. The oral presentation at the meeting concerned issues articulated in initial and reply comments filed by WorldCom in response to the Commission's Public Notice, DA 97-2214 (released October 20, 1997) in CC Docket No. 96-128. We also distributed a copy of the attached summary of WorldCom's view on some of the issues in that proceeding.

An original and one copy of this letter are hereby submitted to your office today pursuant to the requirements of Section 1.1206(b)(2) of the Commission's rules. Please contact the undersigned if you have any questions.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "R. S. Whitt", written over a horizontal line.

Richard S. Whitt
Director, Federal Affairs

cc: Robert Spangler
Rose Crellin
Craig Stroup

Attachment

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WORLDCOM, INC.

**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY**

**Ex Parte Presentation in
the FCC's Payphone Compensation Proceeding
(CC Docket No. 96-128)**

Richard S. Whitt
Douglas F. Brent

November 19, 1997

SUMMARY

The Commission should deny the LECs' requests for a blanket waiver of the payphone-specific ANI signalling requirements. The only issue in this proceeding is whether the LECs have satisfied the requisite legal requirements to obtain a waiver from the Commission. The LECs have not.

A. The LECs Seek Untimely Evisceration Of A Final, Unchallenged Rule

- o The LECs contest the applicability of the very rule they seek to have waived; thus, their "waiver" requests are actually untimely requests for reconsideration of the FCC's payphone orders. However, such post hoc challenges to the ANI signalling requirement must be rejected as untimely and irrelevant.

- o There is no doubt that an ANI signalling requirement applies to the LECs.
- o The Payphone Compensation Reconsideration Order (November 1996, para. 64, emphasis added):

the "LECs must make available to PSPs, on a tariff basis, [payphone-specific] coding digits **as a part of the ANI** for each payphone."
- o The OLS Waiver Order (July 1997, at 4):

"[T]he extensions granted today do not alter or otherwise modify any obligations of these or other LECs under the Commission's Payphone Order and the Payphone Reconsideration Order."

B. The LECs Fail To Demonstrate That Their "Waiver" Requests Are Supported By Good Cause, Or Otherwise Are In The Public Interest

- o It is manifestly against the public interest, and unsupported by any good cause, for the LECs, in essence, to be rewarded for their delaying tactics by relieving them of their obligation to provide payphone-specific ANI digits.
- o In contrast, it is very much in the public interest for the Commission to allow payor carriers to commence paying per-call compensation only for those calls that, on a real-time basis, can be tracked as payphone calls.
- o WorldCom and other payor carriers have acted in good faith reliance on the Commission's orders, spending millions of dollars in preparation to track payphone calls in order to provide per-call compensation. WorldCom's own tracking system is premised on the ability to receive payphone-specific coding digits as part of ANI.
- o The temporary waiver hampers WorldCom's ability to collect compensation from its resale carriers, and surcharges from its retail customers.
- o Any waiver would completely undermine the foundation of the Commission's "market-based" payphone compensation scheme.

C. Any Waiver Granted To The LECs Should Be Conditioned On Relieving Payor Carriers Of Their Payment Obligations, And Allowing The PSPs To Collect This Compensation Directly From The LECs

- o Should the Commission decide to grant the LECs' "waiver" requests, payor carriers should be excused concomitantly from paying compensation on any call not carrying a payphone-specific ANI coding designation. The independent PSPs should be able to recover that compensation directly from the LECs.
- o This balancing of equities would (1) allow independent PSPs to receive per-call compensation on schedule, (2) protect the legitimate reliance interests of payor carriers, (3) prevent the LECs from profiting unduly by their own failure to act, and (4) give the LEC PSPs the necessary financial incentives to complete their obligation as soon as possible.
- o In any event, the LECs should not be able to receive compensation for any payphones they own and operate that do not carry the correct ANI designation.

D. The FCC Should Grant ITA's Petition for Partial Reconsideration

- o WorldCom supports ITA's Petition for Partial Reconsideration requesting that the Bureau's original "limited" waiver order, and any subsequent FCC waiver order, should not apply to prepaid phone card providers.

- o ITA demonstrates convincingly that, given the unique nature of prepaid phone cards, providers of such products would suffer irreparable harm under any waiver of the requirement that the LECs pass payphone-specific ANI coding digits. Without the ability to identify payphone-originated calls on a real-time basis, prepaid phone card providers will be unable to collect payphone charges from their customers.